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IDAHO PUBLIC  
UTILITIES COMMISSION  
Chas. F. McDevitt  
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October 6, 2014

***Via Hand Delivery***

Jean Jewell, Secretary  
Idaho Public Utilities Commission  
472 W. Washington St.  
Boise, Idaho 83720

**Re: Intermountain Energy Partners, LLC/IPC-E-14-22**

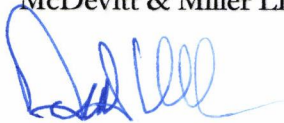
Dear Ms. Jewell:

Enclosed for filing in the above matter, please find an original and seven copies of Intermountain Energy Partners, LLC's Comments in Response to Idaho Power Company's Application.

Kindly return a file stamped copy to me.

Very Truly Yours,

McDevitt & Miller LLP



Dean J. Miller

DJM/hh  
Enclosures

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IDAHO PUBLIC  
UTILITIES COMMISSION

*Attorneys for Intermountain Energy Partners, LLC*

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

<b>IN THE MATTER OF THE APPLICATION</b>	)	<b>CASE NO. IPC-E-14-22</b>
<b>OF IDAHO POWER COMPANY</b>	)	
<b>CONFIRMING USE OF THE CAPACITY</b>	)	<b>INTERMOUNTAIN ENERGY</b>
<b>DEFICIENCY PERIOD FOR THE</b>	)	<b>PARTNERS, LLC'S COMMENTS</b>
<b>INCREMENTAL COST, INTEGRATED</b>	)	<b>IN RESPONSE TO IDAHO</b>
<b>RESOURCE PLAN, AVOIDED COST</b>	)	<b>POWER COMPANY'S</b>
<b>METHODOLOGY.</b>	)	<b>APPLICATION</b>
	)	

Intermountain Energy Partners (IEP) petitioned to intervene in this proceeding on September 22, 2014 and the Commission granted intervention on October 1, 2014. Order No. 33146. IEP respectfully submits the following Comments in accordance the filing deadline of October 6, 2014 established by Order No. 33147.

**The Commission Should Reject Use of the 2021 Capacity Deficit Period  
in Determining Avoided Costs Based on the IRP Methodology**

IEP acknowledges that in Order No. 33084, Case No. IPC-E-13-21, the Commission accepted the use of 400 MW of Demand Response programs in determining the resource sufficiency period under the SAR methodology. Subsequent events, however, call into question the accuracy of the assumed level of actual demand response dispatch. Following is Idaho Conservation Leagues Production Request No. 3 and Idaho Power Company's Response in this proceeding:

**INTERMOUNTAIN ENERGY PARTNERS, LLC'S COMMENTS IN RESPONSE TO IDAHO POWER  
COMPANY'S APPLICATION-1**

JAN 19 2015

**“REQUEST NO. 3:** Based on Idaho Power's representations, submitted April 29, 2014, the Commission found the Company had enrolled 403 MW of demand response capacity across three programs for the summer of 2014. Order No. 33084 at 4-5. For April 2014 through August 2014, please provide for each of the three demand response programs the actual MW reduction, the dates each program was dispatched, and the duration of the dispatch.

**RESPONSE TO REQUEST NO. 3:** Idaho Power dispatched the Irrigation Peak Rewards program three times this program season. Each event split the participants in four groups, each experiencing a four hour duration. The groups were dispatched either 2-6 p.m., 3-7 p.m., 4-8 p.m., or 5-9 p.m. The preliminary estimate of total MW reduction was 286 MW on July 2; 294 MW on July 10; and 275 MW on July 14 during the 5-6 p.m. hour on each date when each of the groups overlapped.

Idaho Power dispatched the NC Cool Credit program three times this program season. Each event's duration was three hours from 4-7 p.m. The preliminary estimate of total MW reduction was 43 MW on July 14; 33 MW on July 31; and 35 MW on August 11.

Idaho Power dispatched the Flex Peak Management program three times this program season. Each event's duration was four hours from 4-8 p.m., except on August 13 the event time was 3-7 p.m. The preliminary estimate of total MW reduction was 32 MW on July 2; 32 MW on July 13; and 25 MW on August 14.”

The results shown in the above are not surprising. The DR programs IPCo cites as placing the Company into sufficiency are single-year arrangements that have no effect on sufficiency one way or another beyond the year contracted. If IPCo maintains that these contracts do indeed affect capacity sufficiency for the period through 2021, then it must demonstrate to the Commission some commensurate commitment on the part of IPCo and their counterparts to engage throughout the sufficiency period claimed. And this it cannot do. Idaho Power acknowledges this. In response to ICL Production Request No. 4. IPCo states in part, “It is possible that actual levels of demand response could vary from year to year over the ‘the 20-year IRP forecast period’ as referenced in Request for Production No. 4. d—actual amounts could be less or could be more.”

There are good reasons for limiting the types of adjustments to IRP results between IRP filings, which the Commission recognized in Order No. 32697, Case No. GNR-E-11-03. For example a potential consequence of allowing such short-term arrangements to be used to establish sufficiency is that the Company could use annual purchases of capacity on short-term markets to count toward sufficiency—making the entire sufficiency concept virtually moot. Potentially more troubling is the ability for the Company to claim sufficiency at its will to avoid QF projects—one month claiming sufficiency from contracts not signed, and the next month disclaiming the potential of the resource in some future year to enable the Company to contract for resources of its choosing and avoid QF projects at will.

Accordingly, the sufficiency effect of the DR contracts should be limited to the period over which those contracts are in effect. Counting them toward sufficiency in years for which no contracts exist is overly speculative. It is not correct that entering into QF contracts with capacity payments harms Idaho ratepayers in the intervening years because there is no proof of sufficiency for those years today, and presumably the cost of entering into demand response contracts that extend over those future years would likely result in higher costs and/or fewer megawatts than were arranged for the 2014 season.

IPCo could alternatively approach the Commission to reduce the avoided costs payments by requesting demand response resources be recognized as the avoided resource. That would be an interesting case, but has not been broached by IPCo. Instead, the Company requests a finding of sufficiency for speculative resources that have not been contracted for the duration of the purported sufficiency period. The Commission should reject IPCo's request to extend the sufficiency period, or alternatively to require the Company to show long term contractual terms sufficient to show that these resources are not speculative in the 2016 to 2021 period.

In addition, IEP broadly supports the Idaho Conservation League's Comments in this matter. Specifically, IEP agrees with ICL's contention that the application does not conform to Order 32697, allowing for updating "long-term contract commitments" and other variables that do not include short-term contracts. Variables not included in the list are to be held constant between IRP filing. The Commission should hold that the resources cited in IPCo's Application are not consistent with the variables allowed to be changed between IRPs.

Again, this is not merely a minor technical /semantic issue because longer term contractual agreements with the demand response resource providers could result in prohibitively high costs to IPCo or fewer megawatts contributing to the sufficiency period. IPCo's contracts should not be considered because they are not consistent with Order 32697, and if they are considered, should not be allowed to contribute their full contracted megawatts. The latter because the full amount would likely not be able to be contracted over the longer period, but also because the contribution to sufficiency is likely less than the nominal contract quantities.

As noted above, IPCo's Response No. 3 to ICL's First Production Request shows the combined contribution to meeting peak demand significantly less than the nominally contracted amounts in the 2013 exercise of demand response resources.

IEP supports the inclusion of cost effective resources, including demand response in meeting the state's capacity and energy needs. However, the contracts cited in IPCo's Application simply do not meet the Commission's requirements for inclusion in the process of updating data between IRPs. IPCo could relatively quickly remedy that situation by concluding agreements through July 2021. Failing that, the Company simply does not cite sufficiency resources in its Application. Accordingly, the Commission should reject the application and

encourage IPCo to pursue longer term resources such as demand response and qualifying facilities to extend its sufficiency period.

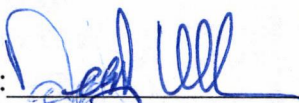
### **Conclusion**

Based on the reasons and authorities cited herein, the Commission should reject use of the 2021 capacity deficiency period for determining avoided cost rates based on the IRP methodology.

Respectfully submitted.

DATED this 6 day of October, 2014.

**INTERMOUNTAIN ENERGY PARTNERS, LLC**

By: 

Dean J. Miller

*Attorney for Intermountain Energy Partners, LLC*

## CERTIFICATE OF SERVICE

I hereby certify that on the 10<sup>th</sup> day of October, 2014, I caused to be served, via the method(s) indicated below, true and correct copies of the foregoing document, upon:

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Idaho Public Utilities Commission  
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BY: \_\_\_\_\_

Heather Houle

MCDEVITT & MILLER LLP